

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7407

BILL NUMBER: SB 573

NOTE PREPARED: Jan 12, 2011

BILL AMENDED:

SUBJECT: Construction Industry Employer-Union Agreements.

FIRST AUTHOR: Sen. Tallian

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: The bill provides that a construction industry employer may enter into an agreement with a union or other labor organization that represents the employer's workers to allow the union or other labor organization to become the employer of the union's or other labor organization's members only for purposes of unemployment insurance. It permits the employer and the union or other labor organization to negotiate as a term of the agreement the amount that the employer pays for unemployment insurance coverage. The bill establishes an initial employer contribution rate for a union or other labor organization that has entered into an agreement.

The bill provides that an individual whose union or other labor organization is the individual's employer for purposes of unemployment insurance is automatically entitled to a work search waiver.

Effective Date: July 1, 2011.

Explanation of State Expenditures: The bill should have no impact on the state as an employer.

Explanation of State Revenues: The bill could affect the revenue to the Unemployment Insurance Trust Fund. The impact would depend on the number of construction employers that might enter into the agreement with a labor union. The contribution by the labor union to the Unemployment Trust Fund for the first 36 months would be 20% of the member's wages of up to \$9,500, resulting in a maximum contribution of \$1,900 per year for the first three years.

Background: There are about 17,600 construction industry employers in Indiana. The unemployment insurance premium is a percentage of the first \$9,500 of wages. The percentage varies based on the employer's unemployment experience. The maximum percentage is 10.2% for Schedule A. The maximum contribution under current law for non-delinquent employers is \$969 per year.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Department of Workforce Development.

Local Agencies Affected:

Information Sources:

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